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## NLMK Group Q4 and 12M 2021 IFRS Financial Results

NLMK Group (LSE, MOEX: NLMK) reports that in Q4 2021 its EBITDA<sup>1</sup> totalled \$1.8 bn, with EBITDA margin reaching 38%. Free cash flow (FCF) reached \$0.8 bn. The Board of Directors recommended approving Q4 2021 dividends in the amount of 12.18 RUB/share (113% of FCF).

**Key highlights**

kt/\$ m	Q4 2021	Q3 2021	qoq	Q4 2020	yoy	2021	2020	yoy
Steel product sales	4,463	4,146	8%	4,220	6%	16,846	17,520	-4%
Revenue	4,630	4,560	2%	2,385	94%	16,196	9,245	75%
EBITDA <sup>2</sup>	1,758	2,287	-23%	890	98%	7,263	2,645	2.7x
EBITDA margin	38%	50%	-12 p.p.	37%	+1 p.p.	45%	29%	+16 p.p.
Profit for the period <sup>3</sup>	1,280	1,622	-21%	558	2.3x	5,036	1,236	4.1x
Free cash flow <sup>4</sup>	820	1,114	-26%	229	3.6x	3,250	1,103	2.9x
Net debt <sup>5</sup>	2,924	2,739	7%	2,495	17%	2,924	2,495	17%
Net debt/EBITDA <sup>5</sup>	0.40x	0.43x		0.94x		0.40x	0.94x	

**Q4 2021 key highlights**

- **Revenue grew by 2% qoq to \$4.6 bn (+94% yoy)** following an increase in steel product sales.
- **EBITDA decreased by 23% qoq to \$1.8 bn (+98% yoy)** due to narrower steel product/raw material price spreads. EBITDA margin was 38% (-12 p.p. qoq; +1 p.p. yoy).
- **Free cash flow went down by 26% qoq to \$0.8 bn (+3.6x yoy)** driven by a decrease in EBITDA.
- **Net profit was \$1.3 bn (+2.3x yoy).**

<sup>1</sup> Consolidated financial results are prepared under IFRS. Reporting periods of the Company are 3M, 6M, 9M and 12M. Quarterly figures are obtained by calculation, including in the segment reporting. Figures for comparable periods may differ from figures posted earlier because of rounding off to integers.

<sup>2</sup> EBITDA is the operating profit before equity share in financial results of joint ventures, impairment of capital assets and losses from retirement of fixed assets, allowed for amortization and depreciation. EBITDA calculations and further details are presented in the Appendix.

<sup>3</sup> Profit for the period attributable to NLMK shareholders.

<sup>4</sup> Free cash flow is determined as net cash from operations plus interest received net of interest paid and capital investment. Free cash flow calculations are presented in the Appendix.

<sup>5</sup> Net debt is calculated as the sum of long-term and short-term borrowings less cash and cash equivalents, as well as short-term deposits at period end. Net debt / EBITDA is represented by net debt as at the end of the reporting period and EBITDA as last 12 months EBITDA. Net debt calculations are presented in the Appendix.



## 12M 2021 key highlights

- **Revenue grew by 75% yoy to \$16.2 bn** amid higher average sales prices and an increase in the share of finished products in the sales portfolio.
- **EBITDA grew by a factor of 2.7 yoy to \$7.3 bn** due to the widening of steel product/raw material price spreads and the implementation of Strategy 2022 projects. EBITDA margin was 45% (+16 p.p. yoy).
- **Free cash flow increased by a factor of 2.9 yoy to \$3.3 bn** driven by strong financial performance. This was partially offset by working capital increase amid growing steel and raw material prices.
- **Net profit increased by a factor of 4.1 yoy to \$5.0 bn** driven by gross profit growth.

## Comment from NLMK Group CFO Shamil Kurmashov:

“In Q4 2021, we saw steel demand normalize on the US and European markets, accompanied by growing stocks. This caused a slowdown in consumer activity and, consequently, a reduction in steel prices. The decrease of internal and export prices in China amid low demand in the construction segment also contributed to the downward price trend.

The Q4 2021 growth in steel product shipments by 8% qoq to 4.5 m t supported an increase in Group revenue to \$4.6 bn (+2% qoq) despite lower sales prices. EBITDA decreased to \$1.8 bn (by 23% qoq) due to narrower steel product/raw material price spreads and introduction of export duties in Russia. EBITDA margin was 38% (- 12 p.p. qoq). Free cash flow decreased by 26% qoq to \$0.8 bn due to lower EBITDA and higher capital expenditure in line with the annual forecast.

Net debt increased by 7% qoq to \$2.9 bn due to the dividends payout in Q4 2021. Net debt/EBITDA went down to 0.40x (0.43x in Q3 2021).

In line with the Group’s Dividend Policy, the management recommended the NLMK Board of Directors to pay \$0.9 bn in Q4 2021 dividends.”



## TELECONFERENCE

NLMK is pleased to invite the investment community to a conference call with the company management:

Thursday, 03 February 2022

- 09:00 – New York
- 14:00 – London
- 17:00 – Moscow

To join the conference call and webcast, the participants are invited to dial:

**US number:**

+1 646 828 8073 (local access) // 800 289 0720 (toll free)

**UK number:**

44 (0) 330 336 9601 (local access) // 0800 279 6877 (toll free)

**Russian number:**

+7 495 646 5137 (local access) // 8 10 800 2865 5011 (toll free)

**Conference code: 5907689**

To join the webcast, please follow the link:

<https://www.webcast-egs.com/register/nlmk20220203/>

*\* We recommend participants start dialling 5-10 minutes in advance to avoid waiting.*

## MANAGEMENT COMMENTS

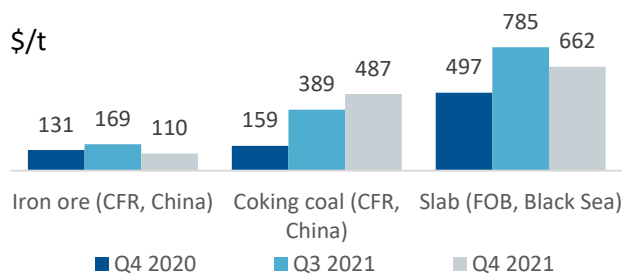
### Q4 2021 market review

- Global steel consumption decreased by 3% qoq (-7% yoy) amid lower demand in China, while total steel demand in other countries remained flat quarter-on-quarter. Incentives for further growth of metal consumption became weaker due to end demand normalization and recovery of stocks to pre-crisis levels, as well as due to cuts in state support programmes. The spread of the new COVID-19 variant served as an additional factor constraining global economic activity.
- Demand for steel products in China went down by 6% qoq (-18% yoy) amid lower activity in the construction sector. This was due mainly to lower investment in infrastructure and residential housing amid contractionary policy and slower income growth among the population as COVID-19 incidence began to grow again.
- Apparent steel consumption in the EU decreased by 4% qoq (+6% yoy) due to low demand in the automotive segment and stock accumulation. Steel demand in the USA remained flat quarter-on-quarter (+35% yoy); the slowdown of consumption rates was due to the saturation of deferred demand and cuts in government stimulus programmes since November 2021.
- Steel product demand in Russia recovered by 16% qoq (+12% yoy) due mainly to stock replenishment after low consumer activity in anticipation of a further price decrease in Q3 2021.

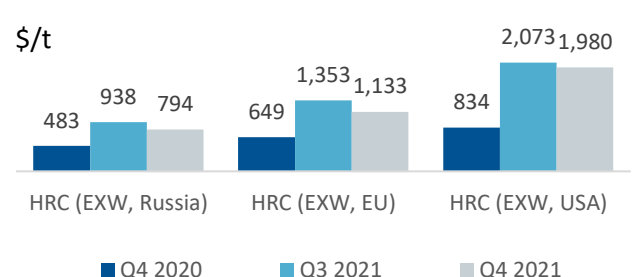
### Q4 2021 prices

- **Coal prices:** Australian coking coal prices increased by 48% qoq (+3.4x yoy) amid high steel output outside China and limited coal supply from Australia due to repairs at coal assets. Coking coal prices in China increased by 25% qoq (+3.1% yoy) amid a shortage of internal output and lower import supplies from Mongolia and Russia due to COVID-19 restrictions.
- **Iron ore raw material prices:** price quotes went down by 35% qoq (-16% yoy) amid lower steel output in China and increased supply from Australia and Brazil.
- **Market prices\*\* for flat products** on the European market continued to go down following a slowdown in end demand and accumulation of stocks (-16% qoq; +80% yoy). Steel product prices in the USA began to drop faster at the end of Q4 2021 due to lower consumer activity and anticipation of a further price decrease (-1% qoq; +136% yoy).
- **Dollar-denominated prices for steel products on the Russian market** decreased by 18% qoq (+60% yoy). Dollar-denominated rebar prices decreased by 4% qoq (+64% yoy).
- **Slab prices in export destinations** (FOB Black Sea) decreased by 16% qoq (+33% yoy).

#### Prices for slabs, coal and iron ore



#### HRC prices



\*Data on steel consumption trends on regional markets are estimates.

\*\* Market prices reflect the level of prices for a given calendar period and differ from the average sales prices of the Company and its segments due to the time lag of the production & sales cycle.

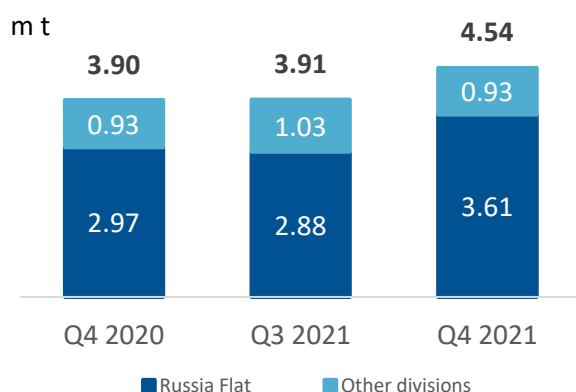
## Q4 2021 output and sales breakdown

- **Steel output** grew by 16% qoq (+16% yoy) to 4.5 m t as capacity utilization at NLMK Lipetsk grew after repair works in the steelmaking operations oxygen supply infrastructure in August 2021.
- **Sales** grew by 8% qoq to 4.5 m t (+6% yoy) following output growth at NLMK Lipetsk.
- **Sales mix:** the share of semi-finished products in sales was 31% (-3 p.p. qoq; -7 p.p. yoy) amid lower supply of slabs and billets to third parties: intragroup slab sales increased, and the export tariff continued to pressure the marginality of billet sales. Finished product sales stood at 3.1 m t (+12% qoq, +18% yoy).
- **Sales in NLMK's "home" markets** grew by 14% qoq to 3.2 m t (+20% yoy). Supplies to the US market totalled 0.52 m t (-11% qoq; +41% yoy) due to low activity as consumers anticipated a further price decrease. In the EU, sales grew by 12% qoq (-17% yoy). In Russia, sales grew by 24% qoq (+31% yoy) amid high activity in the construction sector. Sales in export markets decreased by 17% qoq to 1.2 m t (-21% yoy) amid high demand in the "home" markets.

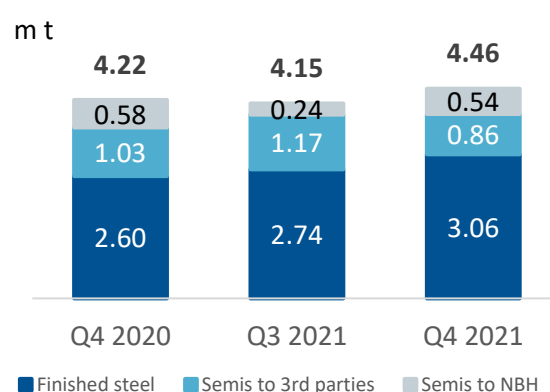
## 12M 2021 output and sales breakdown

- **Steel output** increased to 17.4 m t (+10% yoy) as overhauls were completed at NLMK Lipetsk BF and BOF operations and as output grew in the Long Products and NLMK USA segments.
- **Sales** totalled 16.8 m t (-4% yoy). The year-on-year decrease is due to the renewal of intragroup slab supplies to NLMK USA (1.3 m t) amid a strong demand trend in the region (in 2020, NLMK USA flats were produced using slabs from external markets), an increase in inventory of NLMK slabs in ports following the structural output growth, and normalization of the Russian sites finished product stocks from the low baseline of 2020, caused by feverish demand. Sales of commercial pig iron decreased due to higher consumption of pig iron for steelmaking. An offsetting factor was the increase in sales of NLMK USA finished products and rebar from the Russian sites.
- **Sales mix:** sales of semi-finished products to third parties decreased by 20% yoy as slab supplies to NLMK USA and NLMK DanSteel grew. Slab shipments to NBH stood at 1.7 m t (-19% yoy) due to the upgrade of the NLMK La Louvière hot strip mill in H1 2021. Sales of finished products grew by 6% yoy to 11.2 m t.
- **Sales in NLMK's "home" markets** increased by 6% yoy to 11.4 m t as steel consumption in Russia and the US grew. Sales in export markets were down by 22% yoy to 5.2 m t due to the high baseline of 2020, when supplies were redirected to export markets.

### Steel output grew due to NLMK Lipetsk\*



### External sales were 8% higher qoq



\* Hereinafter NLMK Group steel output and sales on home markets include NBH. Consolidated sales are given without NBH. Sales to home markets mean sales of the Group's companies in the regions, where production capacities are located in Russia, Europe, and the US.

## NLMK GROUP KEY FINANCIALS

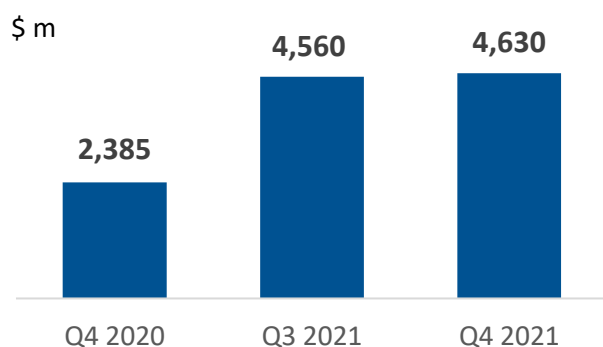
### Q4 2021 revenue

- Revenue grew by 2% qoq to \$4.6 bn (+2x yoy) amid an increase in steel product sales.
- Revenue from semi-finished product sales decreased by 11% qoq to \$1.0 bn (+40% yoy) driven by lower sales prices, while shipment volumes remained flat qoq. The share of semi-finished products in total revenue went down by 3 p.p. qoq to 21% (-8 p.p. yoy).
- Revenue from sales of finished products increased by 6% qoq to \$3.4 bn (+2.2x yoy) due to higher sales, which was partially offset by lower steel product prices in the key markets. The share of finished rolled products in the consolidated revenue totalled 73% (+4 p.p. qoq; +10 p.p. yoy).
- The share of the Russian market in total revenue went up to 40% (+3 p.p. qoq; -2 p.p. yoy) due to higher demand in Russia's key metal consumption segments. The share of the USA decreased by 1 p.p. (+10 p.p. yoy) due to a slowdown of consumer activity in anticipation of a further steel price decrease. The share of the EU was 17% (-1 p.p. qoq; -2 p.p. yoy).

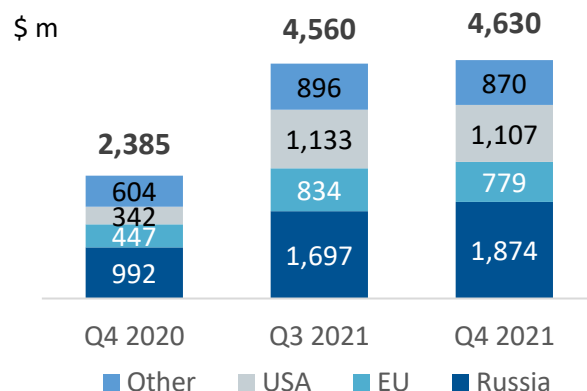
### 12M 2021 revenue

- Revenue increased by 75% yoy to \$16.2 bn due to higher sales prices on all key markets, which was partially offset by the decrease in sales to external markets as slab supplies were redistributed to NLMK USA.
- Revenue from semi-finished product sales grew by 42% yoy to \$3.8 bn amid an increase in average prices, which was partially offset by increased intra-group slab supplies. The share of semi-finished products in total revenue decreased by 5 p.p. yoy to 24%.
- Revenue from finished product sales increased by 94% yoy to \$11.3 bn. The share of finished products in the revenue totalled 70% (+7 p.p. yoy).
- The Russian market share of 41% remained flat year-on-year. Driven by record demand growth on developed markets in 2021, the share of the USA in revenue stood at 21% (+6 p.p. yoy), and the share of the EU was 18% (+1 p.p. yoy), as the share on Asian markets decreased.

Revenue grew by 2% qoq as sales volumes increased...



...on the Russian market



## Q4 2021 EBITDA

- EBITDA\* decreased by 23% qoq to \$1.8 bn (+98% yoy) due to narrower spreads of steel products to raw materials and introduction of export duties in Russia (\$245 m in Q4 2021), which was partially offset by higher sales.
- Commercial expenses increased by 9% qoq to \$251 m (+27% yoy) due to higher sales.
- General and administrative expenses grew by 9% qoq to \$120 m (+28% yoy) due to the accrual of a reserve for the long-term incentive programme and payroll indexation.

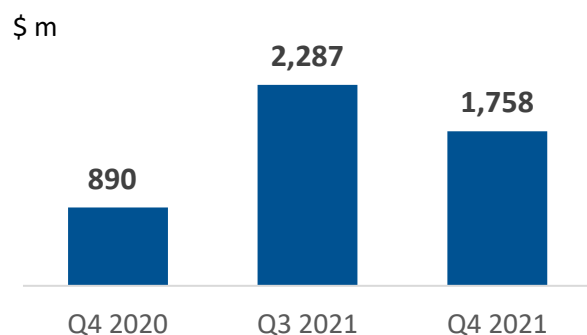
## 12M 2021 EBITDA

- EBITDA grew by a factor of 2.7 yoy to \$7.3 bn due to the widening price spreads and improved sales mix, as well as the implementation of Strategy 2022 projects.
- Commercial expenses increased by 5% yoy to \$884 m due to an increase in tariffs for steel product transportation.
- General and administrative expenses increased by 28% yoy to \$443 m amid the creation of long-term incentive programme reserves and annual salary indexation at NLMK's Russian companies.

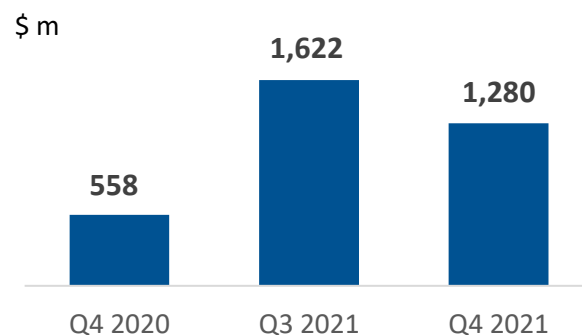
## Net profit\*\*

- Net profit in Q4 2021 decreased by 21% qoq to \$1.3 bn as EBITDA went down.
- Net profit in 12M 2021 increased by a factor of 4.1 yoy to \$5.0 bn.

**EBITDA decreased by 23% qoq following narrower spreads and export duties accrual**



**Net profit went down by 21% qoq due to lower EBITDA**



\* EBITDA used in NLMK's financial releases is calculated as operating profit before equity share in net losses of associates and other companies accounted for using the equity method of accounting, impairment and write-off of assets, adjusted to depreciation and amortization. EBITDA is not an indicator of operating profit, operating activity or liquidity under IFRS, and NLMK discloses it because equivalent indicators could be used by investors and analysts. That said, NLMK's EBITDA should not be viewed on a standalone basis, or in place of profit before tax, or cash flows from operations, as defined by IFRS, or as an indicator of operational efficiency, or as the sum of free cash funds that NLMK can invest into business development. NLMK's EBITDA margin and EBITDA might not be comparable to similar indicators disclosed by other companies as there are no commonly accepted rules for calculating them. For instance, NLMK's EBITDA is calculated similar to what is termed as 'Adjusted EBITDA' in other companies, as NLMK's EBITDA excludes other profit/loss items in addition to interest payments, income tax, depreciation and amortization.

\*\*Profit for the period, attributable to NLMK shareholders.

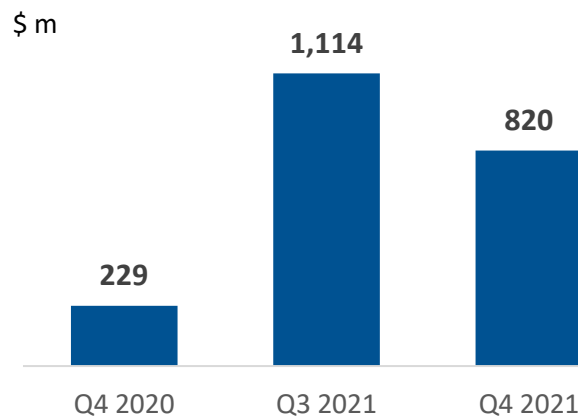
## Q4 2021 free cash flow

- Free cash flow went down by 26% qoq to \$0.8 bn (+3.6x yoy) driven by a quarter-on-quarter decrease in EBITDA and growth of investment (in line with the annual forecast).
- Operating cash flow decreased by 14% qoq to \$1.2 bn.
- **Cash outflow for working capital replenishment** totalled \$259 m due to:
  - -\$504 m: increased cost of finished products and raw materials in stocks
  - +\$248 m: higher accounts payable amid an increase in coal prices and share of pre-paid sales.

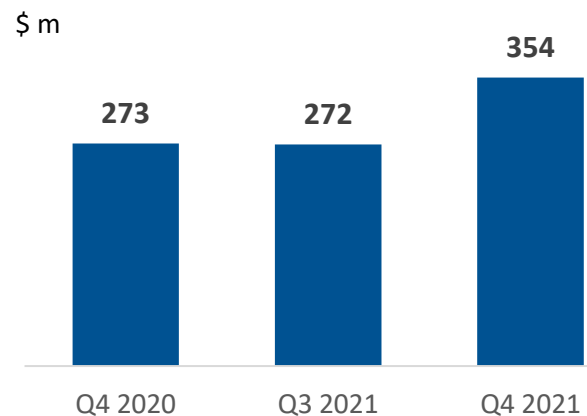
## 12M 2021 free cash flow

- Free cash flow increased by a factor of 2.9 yoy to \$3.3 bn, driven mainly by EBITDA growth. This was partially offset by the outflow of funds for working capital replenishment and by higher investment.
- **Cash outflow for working capital replenishment** totalled \$1.4 m due to:
  - -\$819 m: an increase in accounts receivable amid growing steel product prices and recoverable VAT following higher raw material prices and advances on export duties
  - -\$1,285 m: higher prices of raw material and finished product stocks, increased stocks at NLMK USA amid output growth, higher stocks of raw and other materials amid output increase
  - +\$677 m: higher accounts payable due to increased coal prices, higher VAT arrears payable amid growing sales prices on the Russian market, additional raw material stocks to support increased output.

Free cash flow decreased by 26% qoq, following EBITDA



Investment increased by 30% qoq







### Investment

- The Group's investment in Q4 2021 increased by 30% qoq to \$354 m (+30% yoy) in line with Strategy 2022 projects implementation.
- The Group's investment in 12M 2021 totalled \$1.2 bn (+8% yoy) in line with the forecast.

### Dividends

- In Q4 2021, NLMK paid out \$1.1 bn in dividends.
- On 02 February 2022, the Board of Directors recommended that shareholders approve the payment of Q4 2021 dividends in the amount of RUB 12.18 per share.

### Strategy 2022 execution

- In 12M 2021, structural EBITDA gains from operational efficiency improvement programmes totalled \$179 m. Investment projects added \$161 m, due mainly to the Russia Flat Products segment.

### Debt management

- **Total debt** in Q4 2021 increased by 2% qoq to \$3.5 bn amid disbursement of funds on the Group's working capital lines.
- **Net debt** increased by 7% qoq to \$2.9 bn due to increased investment and dividend payment. Net debt/EBITDA went down to 0.40x (0.43x as at the end of Q3 2021).
- **The weighted average interest rate** on debt liabilities decreased by 0.1 p.p. qoq to a record low of 2.3% (-0.5 p.p. yoy) amid debt portfolio optimization.

## NLMK Russia Flat Products

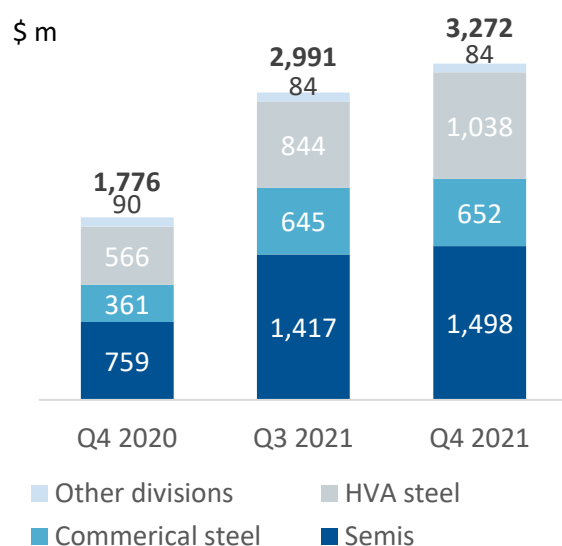
### Q4 2021 highlights

- **Sales** in the Segment grew by 23% qoq to 3.7 m t (+16% yoy) due to the increase of slab shipment to export destinations following higher steel output after repair works in the NLMK Lipetsk steelmaking infrastructure in August 2021.
- **Revenue** in the Segment increased by 9% qoq to \$3.3 bn (+84% yoy) amid the sales growth, partially offset by the steel product price drop.
- **EBITDA** totalled \$0.7 bn (-43% qoq, +42% yoy) driven by the shrinking steel /raw material price spread. EBITDA margin reached 20% with an increase in coking coal quotes and a decline in the steel products prices. The export duties in Russia additionally impacted profitability, which was partially offset by the gains from Strategy 2022 investment projects.

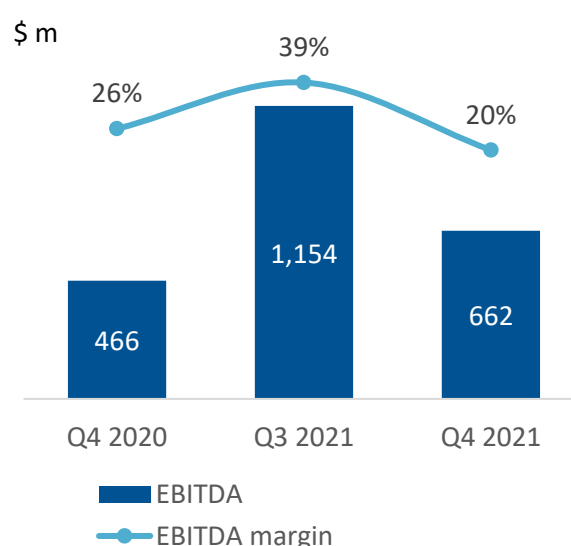
### 12M 2021 highlights

- **Sales** in the Segment totalled 13.2 m t (-1% yoy) due to contraction of merchant pig iron production and sales following repair works in Q3 2021, as well as growth of stocks in ports to cover the planned output increase of DanSteel and La Louvière in Q1 2022, and as stocks normalization from the low baseline of late 2020.
- **Revenue** grew by 70% yoy to \$11.6 bn driven by the average sales price increase. The share of revenue from inter-segmental operations went up to 25% (+7 p.p. yoy).
- **EBITDA** increased by a factor of 2.8 yoy to \$4.0 bn due mainly to high steel product prices and implementation of Strategy 2022 projects. EBITDA margin reached 34% (+13 p.p. yoy) due to the expansion of the steel/raw material spread, margin growth was constrained by the increase in coking coal prices.

Revenue increased by 9% qoq due to higher sales



EBITDA margin was 20%



## NLMK Russia Long Products

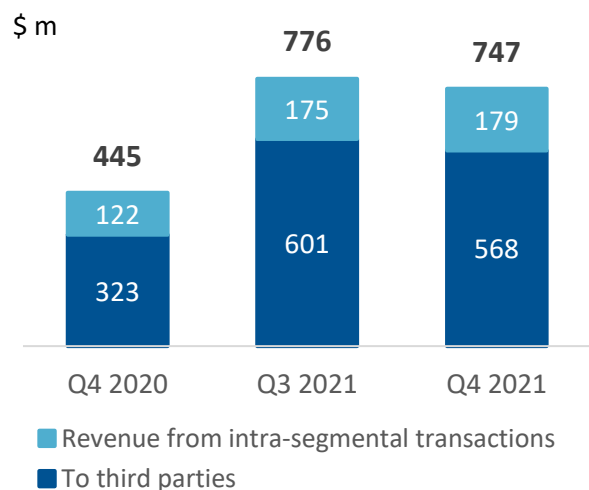
### Q4 2021 highlights

- **Sales** remained flat qoq at 0.75 m t (+9% yoy). Square billet output decrease at NLMK Kaluga (negative profitability amid the steel export duty) was offset by higher rebar and metalware output for the domestic market. Sales of finished products went up by 11% qoq to 0.73 m t (+25% yoy).
- **Revenue** went down by 4% qoq to \$747 m (+68% yoy) following the decline of long product prices. Revenue from inter-segmental operations grew by 2% qoq to \$179 m (+47% yoy).
- **EBITDA** stood at \$125 m (-21% qoq; +3.9x yoy) amid the shrinking long products/scrap price spreads, which was partially offset by higher finished products sales.

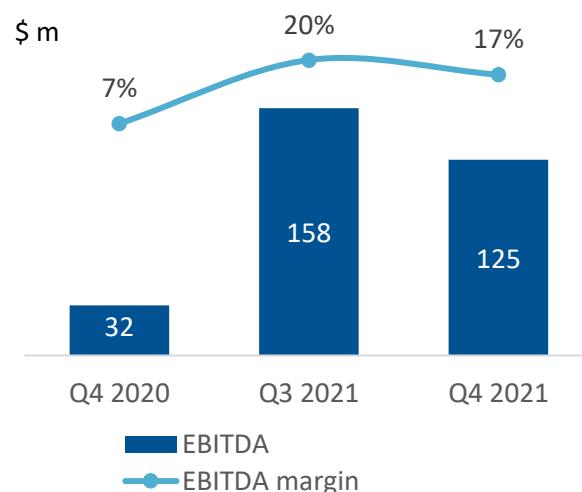
### 12M 2021 highlights

- **Sales** grew by 15% yoy to 3.1 m t driven by growth of demand in the construction sector and recognition of the export shipments made at the end of 2020.
- **Revenue** grew by 85% yoy to \$2.8 bn following the increase in sales and average sales prices for finished products. Revenue from operations with external buyers grew by 88% yoy to \$2.2 bn.
- **EBITDA** grew to \$530 m (+5.7x yoy) as demand recovered in the construction sector and the rebar/scrap spread widened. The operational efficiency programme and Strategy 2022 investment projects had an additional positive effect.

Revenue went down by 4% qoq due to lower prices



EBITDA margin in Q4 was 17%



## Mining and Processing of Raw Materials

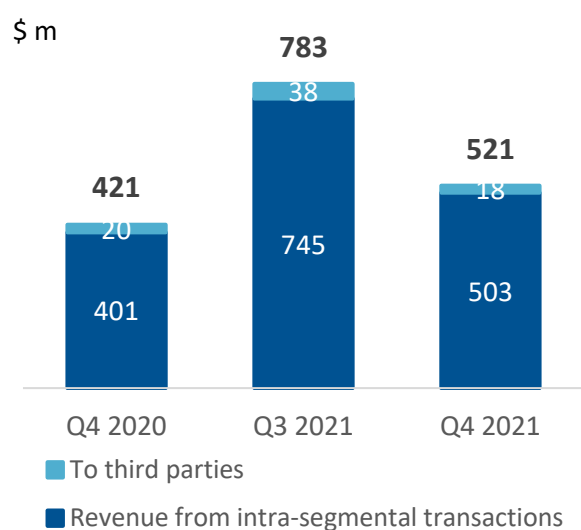
### Q4 2021 highlights

- **Sales** grew by 3% qoq to 5.0 m t (+3% yoy) driven by higher output at NLMK Lipetsk.
- **Revenue** dropped by 33% qoq to \$521 m (+24% yoy) due to the decrease in dollar-denominated concentrate and pellet prices by 41% qoq (+6% yoy) and 32% qoq (+35% yoy), respectively.
- **EBITDA** decreased by 39% qoq to \$417 m (+23% yoy).

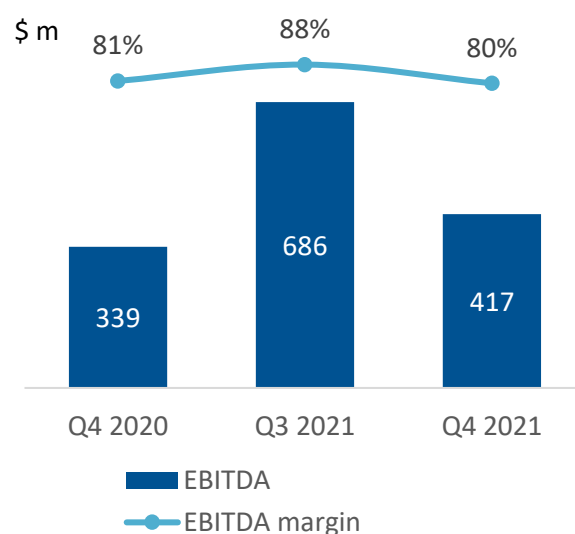
### 12M 2021 highlights

- **Sales** grew by 7% to 19.8 m t following the 8% yoy output increase upon completion of investment projects to expand production capacities.
- **Revenue** was up by \$2.5 bn (+79% yoy) due mainly to higher iron ore raw material prices and increased sales.
- **EBITDA** totalled \$2.1 bn (+2x yoy) against the backdrop of increased prices on raw material markets and gains from production growth with completion of Strategy 2022 investment projects.

Revenue decreased by 33% qoq following the price decline



EBITDA went down by 39% following the revenue



## NLMK USA

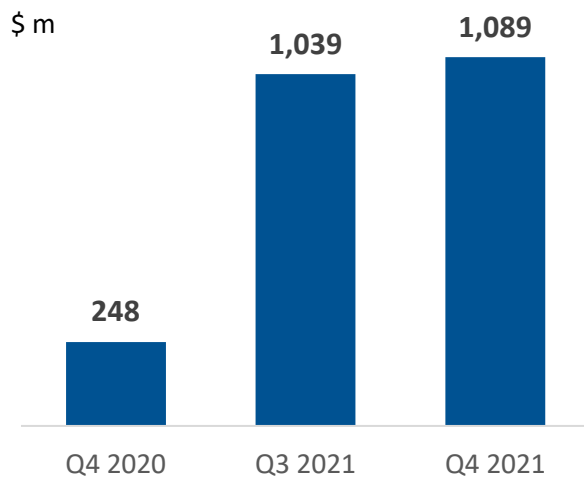
### Q4 2021:

- **Sales** in the Segment decreased by 11% qoq to 0.5 m t (+41% yoy) amid the decline in consumer activity and expectation of a further drop in prices driven by the agreement between the EU and the US on the introduction of a duty-free quota for steel imports from Europe.
- **Revenue** grew by 5% qoq to \$1.1 bn (+4.4x yoy) amid increased sales prices.
- **EBITDA** increased by 5% qoq to \$373 m (+\$266 m yoy) as the flat steel/slab spread improved.

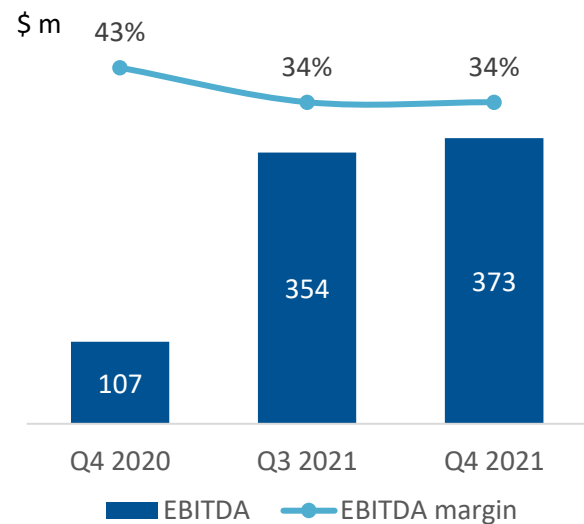
### 12M 2021 highlights

- **Sales** grew by 27% yoy to 2.0 m t as demand for steel in the US recovered.
- **Revenue** went up by a factor of 3.0 yoy to \$3.2 bn driven by higher sales and record-high steel product price increase.
- **EBITDA** increased to \$1.0 bn (+929 m yoy) as sales went up and price spreads improved.

Revenue increased by 5% qoq amid higher sales prices



EBITDA grew by 5% qoq driven by the price spreads improvement



## NLMK DanSteel\*

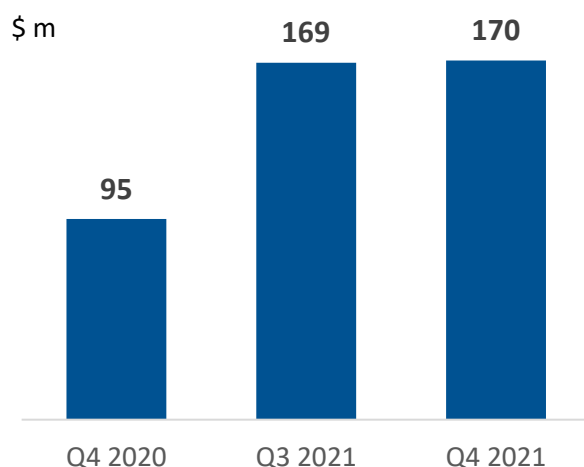
### Q4 2021 highlights

- **Sales** dropped by 5% qoq to 0.12 m t (-13% yoy) due to the increase in orders for premium products with longer lead-times.
- **Revenue** grew by 1% qoq to \$170 m (79% yoy) as sales volumes went down, which was offset by an increase in sales prices.
- **EBITDA** stood at \$29 m (+\$16 m qoq; +\$33 m yoy) as the plate/slab price spread widened.

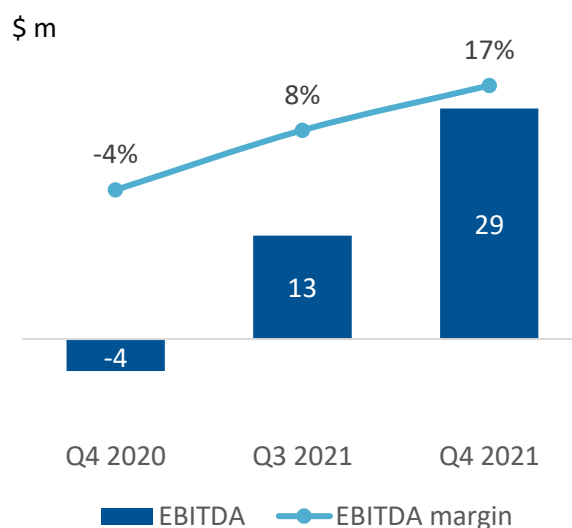
### 12M 2021 highlights

- **Sales** increased by 12% yoy to 0.6 m t following the recovery of demand for steel in the EU.
- **Revenue** grew by 60% yoy to \$640 m amid higher sales volumes and favourable pricing conditions.
- **EBITDA** stood at \$25 m (+\$29 m yoy) due to the improved plate/slab price spread and higher sales volumes.

Revenue went up by 1% qoq following the sales price increase



EBITDA grew up to \$29 m qoq



\* NLMK DanSteel and the plate distribution network

## JV performance (NBH)

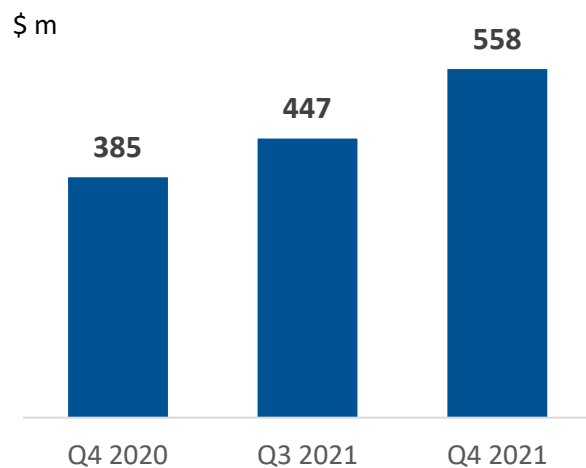
### Q4 2021 highlights

- **NBH sales** grew by 18% qoq to 0.5 m t (-18% yoy) as the hot strip mill at NLMK La Louvière continued its ramp-up after upgrade completion (Strategy 2022 project).
- **Revenue** increased by 25% qoq to \$558 m (+45% yoy) amid growing sales volumes and prices.
- **EBITDA** grew by 27% qoq to \$19 m (+\$47 m yoy) amid the sales increase and investment project gains.

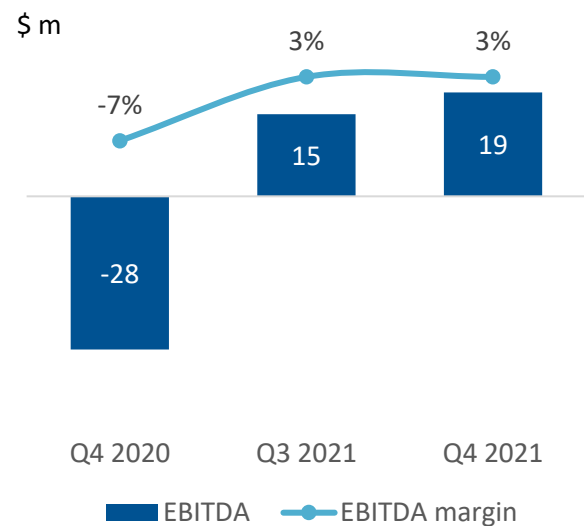
### 12M 2021 highlights

- **NBH sales** went down by 20% yoy to 1.7 m t due to NLMK La Louvière rolling capacity upgrades in H1 2021.
- **Revenue** increased by 30% yoy to \$1.8 bn as a result of higher steel product prices.
- **EBITDA** totalled \$35 m (+\$128 m yoy) due to wider price spreads, which was partially offset by lower sales volumes.

Revenue increased by 25% qoq driven by higher sales volumes and prices



EBITDA increased by 27% qoq



## Appendix No. 1: Operating and financial results

### (1) Sales markets

Q4 2021 k t	Total	Sales markets					
		Russia	EU	North America	Middle East and Turkey	Central and South America	Other
NLMK Group (with NBH)	4,353	2,099	765	534	535	103	316
Division sales to third parties:							
NLMK Russia Flat	2,524	1,508	129	9	501	98	278
NLMK Russia Long	744	589	99	-	31	-	25
International subsidiaries and affiliates, incl.:	1,085	2	537	525	3	4	13
NLMK USA	522	-	-	522	-	-	-
European rolling facilities (NLMK Dansteel and NBH)	562	2	537	3	3	4	13

\*Without intersegmental supplies

### (2) NLMK Russia Flat

K t/\$ m	Q4 2021	Q3 2021	qoq	Q4 2020	yoy	2021	2020	yoy
Steel product sales, incl.:	3,675	2,983	23%	3,172	16%	13,181	13,355	-1%
external customers	2,523	2,364	7%	2,433	4%	9,357	10,637	-12%
semis to NBH	538	239	2.3x	582	-8%	1,706	2,096	-19%
intersegmental sales	614	380	62%	158	3.9x	2,119	621	3.4x
Revenue, incl.:	3,272	2,991	9%	1,776	84%	11,569	6,788	70%
external customers	2,355	2,422	-3%	1,415	66%	8,648	5,600	54%
intersegmental operations	917	569	61%	361	2.5x	2,921	1,188	2.5x
EBITDA	662	1,154	-43%	466	42%	3,981	1,430	2.8x
EBITDA margin	20%	39%	-19 p.p.	26%	-6 p.p.	34%	21%	+13 p.p.

### (3) NLMK Russia Long

k t/\$ m	Q4 2021	Q3 2021	qoq	Q4 2020	yoy	2021	2020	yoy
Steel product sales	745	747	0%	682	9%	3,050	2,647	15%
Revenue, incl.:	747	776	-4%	445	68%	2,848	1,539	85%
external customers	568	601	-5%	323	76%	2,207	1,171	88%
intersegmental operations	179	175	2%	122	47%	641	368	74%
EBITDA	125	158	-21%	32	3.9x	530	93	5.7x
EBITDA margin	17%	20%	-3 p.p.	7%	+10 p.p.	19%	6%	+13 p.p.



#### (4) Mining Segment

k t/\$ m	Q4 2021	Q3 2021	qoq	Q4 2020	yoy	2021	2020	yoy
Iron ore products sales, incl.:	4,969	4,845	3%	4,819	3%	19,758	18,415	7%
sales to NLMK Lipetsk	4,795	4,587	5%	4,680	2%	19,026	17,592	8%
Revenue, incl.:	521	783	-33%	421	24%	2,510	1,399	79%
external customers	18	38	-53%	20	-10%	108	92	17%
intersegmental operations	503	745	-32%	401	25%	2,402	1,307	84%
EBITDA	417	686	-39%	339	23%	2,120	1,064	99%
EBITDA margin	80%	88%	-8 p.p.	81%	-1 p.p.	84%	76%	+8 p.p.

#### (5) NLMK USA

k t/\$ m	Q4 2021	Q3 2021	qoq	Q4 2020	yoy	2021	2020	yoy
Steel product sales	522	586	-11%	370	41%	2,042	1,604	27%
Revenue, incl.:	1,089	1,039	5%	248	4.4x	3,230	1,086	3x
external customers	1,089	1,039	5%	248	4.4x	3,230	1,086	3x
intersegmental operations	-	-	0%	-	0%	-	-	0%
EBITDA	373	354	5%	107	3.5x	1,005	76	13.2x
EBITDA margin	34%	34%	0 p.p.	43%	-9 p.p.	31%	7%	+24 p.p.

#### (6) NLMK DanSteel

k t/\$ m	Q4 2021	Q3 2021	qoq	Q4 2020	yoy	2021	2020	yoy
Steel product sales	123	130	-5%	142	-13%	589	524	12%
Revenue, incl.:	170	169	1%	95	79%	640	400	60%
external customers	169	169	0%	95	78%	639	399	60%
intersegmental operations	1.0	-	0%	-	0%	1	1	0%
EBITDA	29	13	2.2x	(4)	7.3x	25	(4)	6.3x
EBITDA margin	17%	8%	+9 p.p.	-4%	+21 p.p.	4%	-1%	+5 p.p.

#### (7) NBH

k t/\$ m	Q4 2021	Q3 2021	qoq	Q4 2020	yoy	2021	2020	yoy
Steel product sales	451	384	18%	549	-18%	1,659	2,083	-20%
Revenue, incl.:	558	447	25%	385	45%	1,782	1,374	30%
external customers	548	434	26%	372	47%	1,736	1,325	31%
intersegmental operations	10.0	13.0	-23%	13.0	-23%	46	49	-6%
EBITDA	19	15	27%	(28)	0.7x	35	(93)	0.4x
EBITDA margin	3%	3%	0 p.p.	-7%	+10 p.p.	2%	-7%	+9 p.p.

### (8) Sales by product

k t	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Pig iron	200	245	133	30	437
Slabs	1,189	1,068	1,337	1,082	1,083
Plate	124	131	163	175	145
Hot-rolled steel	1,073	1,023	904	957	947
Cold-rolled steel	485	390	406	431	424
Galvanized steel	395	320	334	279	273
Pre-painted steel	117	69	96	81	82
Transformer steel	68	69	77	67	78
Dynamo steel	60	55	62	65	68
Billets	13	90	139	105	96
Long products	656	600	599	572	522
Metalware	75	57	80	63	65
Other steel products*	7	29	-	-	-
<b>TOTAL</b>	<b>4,463</b>	<b>4,146</b>	<b>4,329</b>	<b>3,908</b>	<b>4,220</b>

\* Sales of pipe products manufactured under the tolling scheme

### (9) Sales by region

k t	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Russia	2,097	1,695	1,818	1,677	1,643
EU countries	882	869	890	805	852
Middle East (incl. Turkey)	532	413	507	536	567
North America	534	713	624	468	604
Central and South America	100	238	325	225	184
CIS	82	86	76	91	101
Asia and Oceania	205	114	68	23	190
Other	30	18	21	82	79
<b>TOTAL</b>	<b>4,463</b>	<b>4,146</b>	<b>4,329</b>	<b>3,908</b>	<b>4,220</b>

### (10) Revenue by region

Region	Q4 2021		Q3 2021		Q2 2021	
	\$ m	share	\$ m	share	\$ m	share
Russia	1,874	40%	1,697	37%	1,769	43%
EU countries	779	17%	834	18%	723	17%
Middle East (incl. Turkey)	466	10%	398	9%	407	10%
North America	1,107	24%	1,133	25%	781	19%
Central and South America	92	2%	218	5%	255	6%
CIS	114	2%	125	3%	84	2%
Asia and Oceania	156	3%	105	2%	98	2%
Other	42	1%	50	1%	22	1%
<b>TOTAL</b>	<b>4,630</b>	<b>100%</b>	<b>4,560</b>	<b>100%</b>	<b>4,139</b>	<b>100%</b>

### (11) EBITDA\*

\$ m	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Operating income**	1,621	2,132	1,899	1,016	758
minus:					
Depreciation and amortization	(137)	(155)	(153)	(150)	(132)
<b>EBITDA</b>	<b>1,758</b>	<b>2,287</b>	<b>2,052</b>	<b>1,166</b>	<b>890</b>

\* EBITDA used in NLMK's financial releases is calculated as operating profit before equity share in net losses of associates and other companies accounted for using the equity method of accounting, impairment and write-off of assets, adjusted to depreciation and amortization. EBITDA is not an indicator of operating profit, operating activity or liquidity under IFRS, and NLMK discloses it because equivalent indicators could be used by investors and analysts. That said, NLMK's EBITDA should not be viewed on a standalone basis, or in place of profit before tax, or cash flows from operations, as defined by IFRS, or as an indicator of operational efficiency, or as the sum of free cash funds that NLMK can invest into business development. NLMK's EBITDA margin and EBITDA might not be comparable to similar indicators disclosed by other companies as there are no commonly accepted rules for calculating them. For instance, NLMK's EBITDA is calculated similar to what is termed as 'Adjusted EBITDA' in other companies, as NLMK's EBITDA excludes other profit/loss items in addition to interest payments, income tax, depreciation and amortization.

\*\* Operating profit before equity share in net losses of associates and other companies accounted for using the equity method of accounting, impairment and write-off of assets

### (12) Free cash flow

\$ m	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Net cash from operating activities	1,190	1,388	1,247	691	524
Interest paid	(18)	(4)	(25)	(8)	(25)
Interest received	2	2	1	1	3
VAT advance payments related to imported equipment	-	-	-	-	-
<b>Capex</b>	<b>(354)</b>	<b>(272)</b>	<b>(359)</b>	<b>(232)</b>	<b>(273)</b>
<b>Free cash flow</b>	<b>820</b>	<b>1,114</b>	<b>864</b>	<b>452</b>	<b>229</b>

### (13) Net debt

\$ m	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Short-term borrowings	1,504	1,423	831	857	1,054
Long-term borrowings	1,962	1,985	2,002	2,069	2,432
Cash and cash equivalents	(541)	(542)	(748)	(489)	(842)
Short-term deposits	(1)	(127)	(122)	(350)	(149)
<b>Net debt</b>	<b>2,924</b>	<b>2,739</b>	<b>1,963</b>	<b>2,087</b>	<b>2,495</b>

#### (14) Main products output

k t	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
<b>Crude steel, incl.:</b>	<b>4,495</b>	<b>3,867</b>	<b>4,523</b>	<b>4,307</b>	<b>3,863</b>
Steel Segment	3,614	2,877	3,557	3,331	2,970
Long Products Segment, incl.:	722	811	777	789	708
NLMK Kaluga	265	307	310	333	349
Foreign Rolled Products Segment	159	179	189	187	185
<b>Finished products, incl.:</b>	<b>3,004</b>	<b>2,886</b>	<b>2,756</b>	<b>2,764</b>	<b>2,594</b>
Flat Products	2,304	2,211	2,104	2,096	2,024
Long products	699	675	652	669	570
<b>Coke (6% moisture), incl.:</b>	<b>1,418</b>	<b>1,462</b>	<b>1,498</b>	<b>1,463</b>	<b>1,486</b>
NLMK	522	643	644	638	647
Altai-Koks	896	820	853	825	839

#### (15) Slab sales, including intra-group sales to NLMK Group companies

k t	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Sales to 3rd parties, incl.:	651	830	886	603	502
Export:	487	667	667	406	380
Sales to subsidiaries & associates	1,093	534	1,130	911	728
Sales to NBH	538	239	451	479	582
<b>TOTAL</b>	<b>1,744</b>	<b>1,364</b>	<b>2,016</b>	<b>1,514</b>	<b>1,230</b>

#### (16) Export shipments of steel products from the Group's Russian companies to third parties

k t	Q4 2021	Q3 2021	qoq	Q4 2020	yoy	2021	2020	yoy
<b>Semi-finished products</b>	<b>679</b>	<b>1,002</b>	<b>-32%</b>	<b>912</b>	<b>-25%</b>	<b>3,162</b>	<b>4,191</b>	<b>-25%</b>
Pig iron	182	245	-26%	437	-58%	591	1,485	-60%
Slabs	487	667	-27%	380	28%	2,227	2,379	-6%
Billets	10	90	-89%	96	-90%	344	327	5%
<b>Flat products</b>	<b>402</b>	<b>393</b>	<b>2%</b>	<b>428</b>	<b>-6%</b>	<b>1,628</b>	<b>1,873</b>	<b>-13%</b>
Hot-rolled steel	158	218	-27%	203	-22%	791	863	-8%
Cold-rolled steel	135	78	73%	104	29%	412	547	-25%
Galvanized steel	14	5	2.8x	6	2.5x	30	38	-22%
Pre-painted steel	0	1	-54%	1	-49%	3	3	0%
Dynamo steel	39	34	17%	50	-21%	157	192	-18%
Transformer steel	55	57	-3%	64	-14%	236	231	2%
<b>Long products</b>	<b>145</b>	<b>103</b>	<b>41%</b>	<b>148</b>	<b>-2%</b>	<b>481</b>	<b>563</b>	<b>-15%</b>
<b>Total</b>	<b>1,227</b>	<b>1,498</b>	<b>-18%</b>	<b>1,488</b>	<b>-18%</b>	<b>5,270</b>	<b>6,627</b>	<b>-20%</b>



## (17) Segmental information

<b>Q4 2021</b>	<b>Russia Flat Products</b>	<b>Russia Long Products</b>	<b>Mining</b>	<b>NLMK USA</b>	<b>NLMK DanSteel</b>	<b>Investments in NBH</b>	<b>Total</b>	<b>Intersegmental operations and balances</b>	<b>NBH deconsolidated</b>	<b>Consolidated</b>
<b>\$ m</b>										
Revenue from external customers	2,355	568	18	1,089	169	548	4,747	-	(117)	4,630
Intersegment revenue	917	179	503	-	1	10	1,610	(1,600)	(10)	-
Gross profit/(loss)	1,194	165	413	404	46	45	2,267	(2)	14	2,279
Operating profit/(loss)	576	114	387	366	26	(1)	1,468	93	60	1,621
Profit/ (loss) net of income tax	966	92	320	262	32	(9)	1,663	(502)	123	1,284
Segment assets including goodwill	8,517	1,128	2,888	1,610	535	1,798	16,476	(2,705)	(1,610)	12,161

Balance figures presented as of 31.12.2021.

<b>Q3 2021</b>	<b>Russia Flat Products</b>	<b>Russia Long Products</b>	<b>Mining</b>	<b>NLMK USA</b>	<b>NLMK DanSteel</b>	<b>Investments in NBH</b>	<b>Total</b>	<b>Intersegmental operations and balances</b>	<b>NBH deconsolidated</b>	<b>Consolidated</b>
<b>\$ m</b>										
Revenue from external customers	2,422	601	38	1,039	169	434	4,703	-	(143)	4,560
Intersegment revenue	569	175	745	-	-	13	1,502	(1,489)	(13)	-
Gross profit/(loss)	1,373	202	683	367	25	44	2,694	(94)	(48)	2,552
Operating profit/(loss)	1,050	147	656	347	10	1	2,211	(74)	(5)	2,132
Profit/ (loss) net of income tax	833	121	517	272	2	(2)	1,743	(107)	(8)	1,628
Segment assets including goodwill	8,427	1,119	3,092	1,391	507	1,696	16,232	(2,883)	(1,505)	11,844

Balance figures presented as of 30.09.2021